CHARTERED ACCOUNTANTS,
TAX & BUSINESS ADVISERS

Lamont Pridmore

FCA REGULATED ENTITY

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the Financial Conduct Authority (FCA) requirements and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

Regarding the audit of the financial statements

1.1 You are required by SUP 3.6.1R of the FCA Handbook to cooperate with us as auditors. This includes taking steps to ensure that, where applicable, each of your appointed representatives and material outsourcers gives us the same right of access to records, information and explanations as you, the authorised firm (the *Financial Services and Markets Act* 2000 (FSMA 2000), s. 341, and the FCA Handbook, sections SUP 3.6.2G to 3.6.8G). It is a criminal offence for an investment business or its officers, controllers or managers to provide false or misleading information to the auditor (FSMA 2000, s. 346 and the FCA Handbook, section SUP 3.6.9G).

Regarding the client assets

1.2 Where the business does not hold client assets, you are required to advise us if you do not hold client assets (whether or not you are authorised to do so).

1.3 Where the business holds client assets, with regard to the client asset report, you are required where necessary to provide explanations in sufficient time to enable the four month reporting deadline to be met of:

(a) the circumstances that gave rise to any breaches identified; and

(b) any remedial action undertaken or proposed to correct those breaches.

1.4 Our report is solely for use by the FCA. It is not intended for use by third parties such as your customers/clients, potential customers/clients or shareholders and the report should not be provided by you to anyone other than the FCA.

1.5 The primary responsibility for keeping the FCA informed about the affairs of the business rests with you.

2 Our responsibilities as auditors

Regarding the audit of the financial statements

2.1 In addition to our responsibilities as stated in the Schedule for Limited Company – Audit, (Schedule **2.01**), as auditors under the FCA we are required to confirm that the financial statements have been prepared in accordance with the requirements of the FCA rules.

2.2 We shall report to the management any significant deficiencies in, or observations on, the company's systems that come to our attention of which we believe the directors should be made aware. Any such report may not be provided to any third party other than the FCA without our prior written consent.

Regarding the client assets

2.3 Where we are reporting that the business does not hold client assets, as stated above you are required to advise us if you do not hold client assets (whether or not you are authorised to do so). Where this is the case, we have to report in accordance with Financial Reporting Council (FRC) Assurance Standard *Providing assurance on client assets to the Financial Conduct Authority* (November 2019) as applied for a limited assurance engagement that:

(a) the entity is not authorised to hold client money or client assets (if applicable);

(b) the partners/proprietors/members/directors have stated that the entity did not hold client money or other assets during the year; and

(c) nothing has come to our attention that causes us to believe that you did in fact hold client money or client assets during the period covered by the report (FCA Handbook, section SUP 3.10.4R (2)).

2.4 Where the business does hold client assets, we are required, in compliance with the FCA Handbook section SUP 3.10.4R, to report to the FCA in accordance with the FRC Assurance Standard (November 2019) as applied for a reasonable assurance engagement, any breaches of the client money regulations which have come to our attention during the period.

(a) Our responsibility is to express an opinion on the client assets report as to whether:

(i) the entity has maintained adequate systems to enable it to comply with FCA rules throughout the period;

(ii) the entity was in compliance with the FCA rules at the reporting date;

(iii) where relevant, when a subsidiary of the entity has been a nominee company during the period, that the subsidiary's systems for the custody, identification and control of custody assets throughout the period were adequate and included reconciliations at appropriate intervals; and

(iv) if there has been a secondary pooling event during the period due to the failure of another entity, the entity has complied with the relevant FCA rules (client money distribution) in relation to that pooling event.

(b) Where necessary we will annotate our report with explanations provided by you of:

(i) the circumstances that gave rise to any breaches identified; and

(ii) any remedial action undertaken or proposed to correct those breaches.

We are also required to comment on those matters where the applicable requirements have not been met.

2.5 We are required, in compliance with the FRC Assurance Standard, to communicate to management and those charged with governance on a timely basis, deficiencies in internal control arising from the audit that, in our professional judgement, are of sufficient importance to merit management's attention. In reporting to management and those charged with governance, we will report those issues which, in our professional judgement, pose the most significant risk of non-compliance with the CASS rules, and which require the most urgent resolution.

2.6 We have a duty under the FCA rules to report to you any significant deficiencies in, or observations on, the entity's systems that come to our attention of which we believe the directors should be made aware. If we have no such comments to make, we have a duty under the FCA rules to provide you with a statement to that effect. Any such report may not be provided to any third party other than the FCA without our prior written consent. Such consent will only be granted on the basis that such reports are not prepared with the interests of any party other than the members in mind and that we therefore neither have nor accept any duty or responsibility to any other party as concerns the reports.

2.7 Our report must be submitted to the FCA in the form prescribed by the FCA Handbook, section SUP 3 Annex 1, and be signed by the Senior Statutory Auditor in their own name on behalf of the firm.

2.8 We are required to submit our report within four months of the end of the period. Should we have not received your comments to our client asset report by the due date, we are required to submit our report by the due date, together with an explanation for its absence. Whilst the report will be submitted to you it will be addressed to the FCA in its capacity as a regulator

under the FSMA 2000. Under the FCA Handbook, section SUP 3.10.8R we are required to notify the FCA if this timetable will not be achieved.

2.9 In accordance with the FCA Handbook, section SUP 3.10.8AR, the FCA may, within six years of the end of the period covered by the report, request that we deliver a copy of our report to them.

2.10 In connection with the duties above, we have a duty to carry out such investigations as we consider necessary to form an opinion on the above matters. In order to meet these requirements, we will undertake whatever tests and examinations of your records we consider necessary. In planning, executing and completing our work we will follow the FRC Assurance Standard .

2.11 As noted above, the primary responsibility for keeping the FCA informed about the affairs of the business rests with you. However, under *The Financial Services and Markets Act 2000 (Communications by Auditors) Regulations* 2001 (SI 2001/2587), we have both a right and a duty to report on any circumstances in which we have reasonable cause to believe that the matter is likely to be of material significance for determining whether:

(a) a person is a fit and proper person to carry on investment business; or

(b) disciplinary action should be taken, or powers of intervention exercised, in order to protect investors from significant risk of loss; or

(c) any other circumstances which would be relevant to the functions of the Secretary of State.

Such reports must be made in writing directly to the FCA without your knowledge or consent. However, we envisage that the need to make such a report will only arise in extremely rare circumstances where we consider that the interests of depositors/policyholders/investors require such a report.

By virtue of *The Financial Services and Markets Act 2000 (Communications by Auditors) Regulations* 2001, our duty of confidentiality is not contravened by reason of such communication in good faith.

2.12 We have a duty to provide further information or verification if requested to do so by the FCA and to assist and co-operate with any other auditor appointed under the FCA's rules by the FCA or by the member at the direction of the FCA.

2.13 If, to our knowledge, we become disqualified or ineligible to act as auditors of the entity in accordance with the FCA's rules, we shall forthwith resign office and notify you and the FCA in writing that we have vacated by reason of disqualification or ineligibility.

2.14 If we resign or are removed from office or are not reappointed at the end of our term of office, we shall prepare a statement to the effect that there are no circumstances connected with our ceasing to hold office which we consider should be brought to the FCA's attention, or a statement specifying all such circumstances.